

(213) 240-8101

May 8, 2003

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**AMENDMENT NO. 1 TO THE NEGOTIATED NET AMOUNT AND DRUG/MEDI-  
CAL AGREEMENT NO. COUNTY 19 FISCAL YEAR 2002-03 WITH THE STATE  
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS**

(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Chairman to sign the attached Amendment No. 1 to the Negotiated Net Amount and Drug/Medi-Cal Agreement No. COUNTY 19 Fiscal Year (FY) 2002-03 with the State Department of Alcohol and Drug Programs, to increase the FY 2002-03 funding by \$2,883,193, from \$92,401,601 to \$95,284,794. Funding supports alcohol and drug prevention and treatment programs within Los Angeles County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving this action, the Board is authorizing the acceptance of the budget adjustment from the State Department of Alcohol and Drug Programs (SDADP) to increase FY 2002-03 funding under Negotiated Net Amount (NNA) and Drug/Medi-Cal (D/MC) Agreement No. COUNTY 19 (NNA Agreement), in accordance with the amendment provision in the NNA Agreement. Board approval of Amendment No. 1 is required by the SDADP, by May 31, 2003.

FISCAL IMPACT/FINANCING:

There are no net County costs associated with this action.

Amendment No. 1 will increase the funding for FY 2002-03 by \$2,883,193, increasing the total from \$92,401,601 to \$95,284,794, (\$71,773,519 in Federal Block grant funds and \$23,511,275 in State General funds).

The State's revised total maximum obligation to the County for the three-year NNA Agreement is \$286,613,489 (\$98,927,094 for FY 2001-02; \$95,284,794 for FY 2002-03; and \$92,401,601 for FY 2003-04). The total NNA Agreement has increased by \$2,883,193, from \$283,730,296 to \$286,613,489.

The NNA Agreement is effective July 1, 2001 through June 30, 2005. Although the NNA Agreement provides funding to the County for FYs 2001-02, 2002-03, and 2003-04, the term of the agreement is four years through June 30, 2005, an unfunded extension period to accommodate unspent federal funds from the prior State fiscal year to support alcohol and drug treatment and recovery services.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

For many years, funding from the State to the County was based on the Los Angeles County Plan for Alcohol and Drug Services (Plan). Senate Bill 627, Chapter 64, Statutes of 1993, amended sections of the Health and Safety Code to establish provisions of law that mandated the NNA Agreement.

On November 9, 1993, the Board approved the last Plan required by the SDADP (FY 1993-94) in preparation for the transition to NNA contracting. The NNA Agreement is based on negotiations between parties and determined by mutual agreement regarding dedicated capacity. Both the State and County may amend or renegotiate the NNA Agreement at any time to reflect changes in levels of funding or dedicated capacity.

On December 13, 1994, the Board approved the original NNA Agreement with the SDADP in the amount of \$117,395,489 and subsequently approved Amendment Nos. 1 through 7 to increase or decrease funding during the four-year agreement term.

On July 21, 1998, the Board approved the FY 1998-01 NNA Agreement with the SDADP in the amount of \$222,507,110 and subsequently approved six (6) amendments to increase or decrease funding during the three-year agreement term.

On July 17, 2001, the Board approved the FY 2001-04 NNA Agreement (County 19) with the SDADP to provide support for the continued provision of alcohol and drug services within the Los Angeles County, effective July 1, 2001 through June 30, 2005, for a total maximum obligation of \$295,708,401.

On June 11, 2002, the Board approved Amendment No. 1 for FY 2001-02 to decrease the first year total funding by \$3,459,141, from \$98,569,467 to \$95,110,326.

On September 10, 2002, the Board approved Amendment No. 2 for FY 2001-02 to increase the first year total funding by \$3,816,768, from \$95,110,326 to \$98,927,094, to decrease the FY 2002-03 funding by \$6,167,866, from \$98,569,467 to \$92,401,601, and to decrease the FY 2003-04 funding by \$6,167,866, from \$98,569,467 to \$92,401,601.

At this time, the recommended Amendment No. 1 for FY 2002-03 (Exhibit I) will increase the contract Fiscal Year 2002-03 funding, incorporate related Exhibit A-1, County Prevention and Treatment Programs Fiscal Summary V.1, corresponding budget detail forms, for FY 2002-03; Exhibit B, FY 2002-03, General Terms and Conditions; Exhibit C, FY 2002-03 NNA; and Exhibit D, FY 2002-03 Drug Medi-Cal Substance Abuse Treatment Services.

The Department of Health Services System Redesign will not impact the County NNA Agreement with the State as it is the County's funding source and there is no net County cost associated with this action.

Attachment A provides additional information.

County Counsel has approved the attached NNA Agreement, Amendment No. 1 (Exhibit I) as to form.

CONTRACTING PROCESS:

Since the recommended NNA Agreement provides for allocations of State monies directly to the County, advertisement on the Los Angeles County Online Web Site as a contracting opportunity for alcohol and drug abuse service providers is not appropriate.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Alcohol and drug services will continue to be provided to residents throughout Los Angeles County.

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When approved, this Department requires three signed copies of the Board's action and six signed and certified copies of the NNA Agreement, Amendment No. 1 face sheets, for transmittal to the State.

Respectfully submitted,

Thomas L. Garthwaite, M.D.  
Director and Chief Medical Officer

TLG:ms

Attachment (1)

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

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**SUMMARY OF AMENDMENT****1. TYPE OF SERVICE:**

The Negotiated Net Amount (NNA) and Drug/Medi-Cal (D/MC) Agreement provides for State Department of Alcohol and Drug Programs funding support for the provision of alcohol and drug services in Los Angeles County.

**2. AGENCY ADDRESS AND CONTACT PERSON:**

State of California  
 Department of Alcohol and Drug Programs  
 Program Operations Division  
 1700 K Street  
 Sacramento, California 95814  
 Attention: Susan L. King, Contracts Office  
 Telephone: (916) 324-0235

**3. TERM:**

The term of this agreement commenced on July 1, 2001 and will continue through June 30, 2005.

**4. FINANCIAL INFORMATION:**

The NNA and D/MC Agreement funding consists of Federal Block Grant funds, Federal D/MC funds, and non-D/MC State General Funds.

NNA and D/MC <u>Agreement</u>	Original <u>Obligation</u>	Amendment No. 1 <u>Obligation</u>	Amendment No.2 <u>Obligation</u>	Amendment No.1 <u>Obligation</u>	<u>Variance</u>
FY 2001-02	\$ 98,569,467	\$ 95,110,326	\$ 98,927,094	\$ 98,927,094	\$ 0
<b>FY 2002-03</b>	98,569,467	98,569,467	92,401,601	<b>95,284,794</b>	<b>2,883,193</b>
FY 2003-04	98,569,467	98,569,467	92,401,601	92,401,601	0
<b>TOTAL</b>	<b>\$295,708,401</b>	<b>\$292,249,260</b>	<b>\$ 283,730,296</b>	<b>\$286,613,489</b>	<b>\$2,883,193</b>

**5. GEOGRAPHIC AREA TO BE SERVED:**

Countywide

**6. ACCOUNTABLE FOR MONITORING AND EVALUATION:**

Patrick L. Ogawa, Director, Alcohol and Drug Program Administration

**7. APPROVALS:**

Public Health:	John F. Schunhoff, Ph.D., Chief of Operations
Alcohol and Drug Program Administration:	Patrick L. Ogawa, Director
Contracts and Grants Division:	Riley J. Austin, Acting Chief
County Counsel (approval as to form):	Robert E. Ragland, Deputy County Counsel